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November 14, 2016

**Via ECFS**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

**Re: WC Docket No. 10-90  
ETEX Telephone Cooperative, Inc.  
Notice of *Ex Parte***

Dear Ms. Dortch:

On November 2, 2016, the Federal Communications Commission (“FCC” or “Commission”) released a Public Notice announcing that 216 rate-of-return companies filed letters to elect Alternative Connect America Cost Model (“A-CAM”) support for 274 study areas, which exceeded the available A-CAM budget by more than \$160 million annually.<sup>1</sup> To contend with the oversubscription, the FCC intends to take “other measures that may be necessary” in order to prioritize among electing carriers or modify A-CAM parameters such as the per-location cap or the level of deployment. In the A-CAM Results PN, the FCC encouraged parties to submit *ex partes* into the record with recommendations on how the FCC should handle the excessive demand of the A-CAM.

ETEX Telephone Cooperative, Inc. (“ETEX”) respectfully responds to the FCC’s call for recommendations for how to proceed with modifying the A-CAM to fit the budget. ETEX Telephone Cooperative, Inc. was formed in 1952 to meet the communications needs of people living in rural northeast Texas. REA funding permitted a group of industrious individuals to launch the legacy of ETEX and provide service to rural areas of Texas where other companies chose not to serve. In response to the FCC’s invitation to elect A-CAM support, ETEX diligently analyzed the A-CAM and made the decision that the model-based support would allow the Company to continue its mission of providing service in rural areas of Texas where no other broadband provider will serve. ETEX is concerned that although it has elected the A-CAM, the arduous decision process may return to “square one” if the FCC decides to lower the \$200 funding cap.<sup>2</sup>

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<sup>1</sup> See Wireline Competition Bureau Announces Results of Rate-of-Return Carriers That Accepted Offer of Model Support, WC Docket No. 10-90, DA 16-1246 (rel. Nov. 2, 2016) (“A-CAM Results PN”).

<sup>2</sup> If the FCC figures out a way to maintain the \$200 per location funding cap, the November 1 election notices are irrevocable (see Wireline Competition Bureau Announces Support Amounts Offered to Rate-of-Return





ETEX first and foremost recommends that the Commission consider allocating enough additional funding to the A-CAM to cover the more than \$160 million annual overage, as this is the only equitable way to respond to the 216 companies that voluntarily elected the A-CAM with the intention of deploying broadband to their unserved areas. It is also the best way to ensure that the millions of unserved rural Americans, whose locations were uncovered in the extensive A-CAM development process, will be served within a reasonable period of time without further perpetuating the “rural-rural divide.”

In the event that the FCC decides not to fully fund A-CAM, ETEX urges the FCC not to reduce the 90% deployment threshold. Reducing the 90% deployment threshold would result in excluding some A-CAM electors from participating and could even exclude ETEX depending upon the extent of the reduction. ETEX elected the A-CAM because the Company took into account the significant deployment hardships that it faces to ensure that its remaining unserved locations get access to broadband in a timely manner. ETEX boasts a service territory of 710 square miles of rural East Texas, with 7 customers per route mile on average. ETEX’s service area covers significant portions of the Piney Woods forest. Serving areas with dense forest brings a distinctive set of challenges. In some of the forest areas, precautionary measures must be followed to ensure that forest areas are preserved and protected. Further, the Texas Department of Transportation requires that ETEX place its facilities within 3-5 feet of roadways in this area. This area is also vulnerable to hurricanes, and has been affected by major hurricanes. In addition to the geographic challenges present in ETEX’s service territory, the customer demographics indicate that in all seven counties served by ETEX, the average median household income is below the national average. Therefore, the Cooperative faces tremendous broadband deployment hardships in addition to capital constraints and requires the consistent level of support that the A-CAM provides.

Additionally, ETEX went through a tedious analysis that led the Cooperative to determine that Legacy Rate-of-Return support is insufficient, or too unpredictable, in contrast to the A-CAM. Reducing ETEX’s A-CAM support has the very likely outcome of making both Legacy and A-CAM support insufficient for deploying 10/1 Mbps or greater broadband to unserved locations in areas of its study area that are not competitive or financially practical for the company to invest its own capital.

ETEX understands that the FCC has to work within the confines of an overall budget, but believes that some flexibility can be infused in the A-CAM oversubscription situation to ensure that all of the 216 companies that elected the A-CAM can move forward with the voluntary model at the level that they elected by November 1. The FCC should be proud of its efforts to create a voluntary support model that 216 different companies representing 274 study areas, nearly a third of the rate-of-return carrier universe, want to elect. The FCC should not prevent even one of these companies from proceeding expeditiously with broadband deployment plans. Accordingly, the concept of disqualifying A-CAM electors by lowering the 90% deployment threshold must be rejected. The FCC

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Carriers to Expand Rural Broadband, WC Docket No. 10-90, DA 16-869 (rel. Aug. 3, 2016) (“A-CAM Offer PN”), but in the A-CAM Results PN, the FCC notes that the per location funding cap would need to be set below \$146.10 in order to accommodate the election of all 216 rate-of-return carriers. Therefore, it seems likely that the \$200 cap will not be maintained, the FCC will have to release a modified A-CAM offer, and each of the A-CAM electors will have to re-evaluate the results.

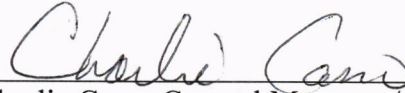
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should instead allocate enough funding to cover the more than \$160 annual oversubscription.

Please direct any questions regarding the filing to the undersigned.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charlie Cano", written in dark ink.

Charlie Cano, General Manager / CEO

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